

**REGULAR MEETING OF THE BOARD OF DIRECTORS OF GUNNISON COUNTY ELECTRIC ASSOCIATION, INC.:**

The regular meeting of the Gunnison County Electric Association (GCEA) Board of Directors was held on Tuesday, April 25, 2017 at the GCEA headquarters located at 37250 W U.S. Highway 50, in Gunnison, Colorado.

A quorum of a majority of directors was met with five of seven directors in attendance. Directors attending were Greg Wiggins, Bart Laemmel, Michelle Lehmann, Paul Hudgeons, and Mark Daily (Districts 1, 3-5 and 7 respectively). Secretary/Treasurer John Vader was excused for a GCEA business matter. Chris Morgan was excused for a personal matter.

Notice of this meeting was posted Friday, April 14, 2017; a revised agenda was posted Wednesday, April 19.

Attorney David Doder, Chief Executive Officer Mike McBride, Chief Financial Officer Marcia Wireman, Chief Operations Officer Roger Grogg, and Executive Assistant Sherry Booth also attended.

District 5 member guest Tom Carl was also in attendance for observation of regular Board business.

President Greg Wiggins called the meeting to order at 9:00 a.m.

**Motion** by Director Bart Laemmel to accept the April 25, 2017 regular meeting agenda carried unanimously.

Director per diems were submitted for Assistant Secretary/Treasurer Mark Daily's review.

**Consent Agenda**

A brief notation was made regarding the year-to-date difference of March 2016's closing of a large apartment complex and the lesser activity for March 2017.

**Motion** by Director Mark Daily to approve the April 25, 2017 consent agenda carried unanimously.

Items approved via the consent agenda include: March 28, 2017 regular meeting minutes; Resolution No. 1 – April 2017 GCEA membership for March 2017; March Work Order inventories # 601-602; and the CEO expense report for March 2017. (There was no special equipment inventory for March.)

The March 2017 net-to-plant total is \$70,215 and the year-to-date net-to-plant total is \$115,565 through March 2017.

**2016 Audit Review**

In the absence of Budget, Finance and Audit committee chair Chris Morgan, former chair and Board President Greg Wiggins relayed the report provided by Chris. Greg advised of Chris' consultation with audit firm DeCoria Maichel & Teague, noting details of the clean 2016 audit. Chris Morgan had also relayed that the auditors said the GCEA employees provided the best on-site audit the auditors had experienced all year long. Chris will be available for any further questions at the May meeting. CFO Marcia Wireman explained additional audit procedure and response. Discussion followed.

**Motion** by Director Paul Hudgeons to accept the 2016 Financial Audit as presented by DeCoria Maichel & Teague carried unanimously.

**Financial Goals Committee Report**

Financial Goals Committee Chair Paul Hudgeons took the floor to conduct committee business and advise the full Board of committee recommendations.

**Motion** by committee member Mark Daily to approve the April 18, 2017 Financial Goals Committee minutes carried unanimously by committee members in attendance.

Chair Hudgeons spoke to his support in maintaining an annual margin target of no less than 2.5% of total electric service as our standard, as opposed to the 2.5% three-year average contemplated in the committee meeting. He also supports maintaining a high equity level. Committee member Mark Daily and CFO Marcia Wireman spoke to philosophy and language as considered by the committee and its direction to staff. Discussion followed as staff proposed changes regarding a margin level to include elimination of the specific 2.5% of the total cost of electric service requirement and to instead make the requirement to maintain sufficient margins to meet GCEA's goals for debt service obligations, equity and capital credit retirements and to fund a portion of plant investments. Extensive discussion followed.

**Motion** by Director Mark Daily to accept Board policy A-40 as revised, with modification regarding the 2.5% average language, carried unanimously.

#### **Electric Vehicle Charger Rebate**

CEO Mike McBride presented for consideration GCEA's potential offering to members of rebates on purchases of electric vehicle (EV) chargers. Mike spoke to GCEA offering the sale of such products, inclusive of education regarding usage during off-peak hours. Mike suggested qualifications for the rebate include requirement for a Time-of-Use (TOU) rate. Discussion followed.

Mike provided data for four types of chargers, the cost before tax, a proposed GCEA rebate, and member cost for each. A 35% or \$250 maximum rebate was considered for any product. Monitoring of this pilot program was discussed; the application of Meter Data Management System (MDMS) will allow for monitoring of meters with EV chargers so as to advise of any reversion to on-peak usage. Discussion continued.

**Motion** by Director Bart Laemmel to approve a rebate program for electric vehicle chargers carried unanimously.

#### **Monthly Reports: Safety/Loss Control Activity Report**

COO Roger Grogg reviewed the Safety/Loss Control Activity report. He noted lineman appreciation day was celebrated April 10 with a staff prepared breakfast. Roger relayed employees having been presented with association updates which the Board had previously heard. Roger spoke to emergency restoration plan (ERP) updates, celebrity Mike Rowe's recognition of a local hot-line school student, TWACS conversion, and identity theft training. Additional training included annual switchman training conducted by Doug Dean which provides certification for GCEA linemen to work inside Tri-State substations. Roger advised that no close calls were reported in the March safety meetings; however, an April occurrence experienced by GCEA's meter/substation technician was relayed and will be reported during employee safety meetings scheduled for April 26 and 27. Roger provided the damaged meter from the incident for director inspection. He explained follow-up contact with the building owner and need for additional corrections by the building owners. Discussion followed.

**Motion** by Director Paul Hudgeons to approve the Safety/Loss Control Activity report for April 25, 2017 carried unanimously.

#### **Monthly Reports: Association Update**

CEO Mike McBride provided an association update. He spoke to the consideration of GCEA releasing itself from debt to the Rural Utilities Service. Mike reported that no one attended the April 20 rate meeting discussion advertised in regard to the May 1 rate adjustment. He also explained Tri-State renewable energy certificate (REC) options and GCEA's request for direct purchases of the output from renewable projects instead.

Mike relayed a scheduled Gunnison County Energy Plan meeting occurring April 25, 2017 with a goal for not only the County government, but also citizens in its entirety, to reduce energy use impacts and lower greenhouse gas emissions by 20% from 2005 levels by 2030. In Mike's absence due to his attendance for the coinciding Board meeting, Energy Use Specialist Alantha Garrison will represent GCEA. She, Mike and County Facilities and Grounds Director John Cattles had previously met in preparation for the County discussion. County goals established by baseline inventory and inclusive of building energy use, building forecast projections, and strategies were shared. Discussion followed.

Mike spoke to the success of the Lake City Earth Day event; he shared pictures of the day's activity and relayed graphs presented to attendees to help educate members regarding peak. Mike spoke to attempts to communicate with an industry vendor regarding a battery storage product. The manufacturer of another storage product, German-owned and US-built, will also be contacted. Mike also gave an update regarding an EPRI pilot program including suggestions by Meter/Substation Technician Wally Baker for installing energy management circuit breakers provided by EPRI through Tri-State.

Mike gave an update on the Volkswagen and Audi Clean Air Act Partial Settlement. Following public comments submitted in the fall of 2016, Colorado's portion of the settlement is expected to see improvements such as Denver being identified as a metro area suitable for quick charging EV stations on the I-25, I-70 and I-76 highway corridors. Mike reported that destination charging stations are also under consideration; GCEA's submission did specifically request destination charging with Crested Butte as an example.

An update on the Elk Creek Marina's power to store project was shared. GCEA's portion is as complete as possible for now with the National Park Service (NPS) experiencing continued delays due to federal regulations.

Attorney David Dodero spoke to judicial decisions related to long range (construction) plans (LPR), advising analysis of next steps to be inclusive in LRP and offered his assistance in development of language.

### **Miscellaneous**

CEO Mike McBride challenged the Board to estimate GCEA's new TOU rate to be 0.81 cents as the cost per gallon equivalent of off-peak EV charging and that approximately 55 people attended the Lake City Earth Day event.

Per Mark Daily's request, Mike McBride further explained previous legislation discussion regarding net-metering and TOU rates. Powderhorn fire mitigation expense was also explained by Roger Grogg. Mike McBride further reported on the Clean Energy workshop he attended in Glenwood Springs March 3, 2017. With over 100 attendees at this event hosted by Garfield (County) Clean Energy, Carbondale's Clean Energy Economy for the Region (CLEER), and the Roaring Fork Valley-based Community Office for Resource Efficiency (CORE), Mike noted the symposium's apparent emphasis on solar generation.

Lastly, clarification for an energy expo not yet scheduled for this year was noted.

### **Monthly Reports: Member Comments**

Roger Grogg relayed that District 4 members Joe and Cindi West brought a dozen eggs for each member of the line crews for the April 10 lineman appreciation day.

Mike McBride reported feedback in which the member said she was proud to be member of GCEA because we are so helpful.

Stan Bray, Federated Rural Electric Insurance Exchange Safety and Loss Prevention Consultant stopped by headquarters while traveling for business and visited with Roger Grogg. Mr. Bray told Roger that he has been to 174 coops and ours is the best and that if he could work at one, it would be this one (with the caveat that *if* GCEA was somewhere else because Gunnison is too cold). Mr. Bray explained that, "You feel it's a great place as

soon as you walk in the door.” Mike McBride shared the rest of the story, noting that Mr. Bray has particular respect for Roger Grogg which Mike credits for influencing Mr. Bray’s admiration for the GCEA organization.

### **Monthly Reports: Financial Review**

CFO Marcia Wireman addressed the quarterly status of GCEA financials. Director Paul Hudgeons requested clarification of trends in average mills per kWh.

Discussion followed inclusive of suspected factors driving peak demand for the month. It was noted that the peak day was not particularly cold, but was exceptionally windy.

### **Monthly Reports: Operations Update**

COO Roger Grogg provided the reliability review for March and explained interruption causes for the month. He noted installation of relatively inexpensive plastic bolt coverings seems to have significantly reduced avian fatalities. Roger elaborated on a public damage incident.

Roger reviewed March load profile graphs and explained the historical comparisons and graphs provided by engineering staff.

Roger reported encouraging results in coordinating East Rebuild progress with the assistance of Kurt Broderdorp of the US Fish and Wildlife Service (USFWS). Roger also updated the Board regarding the construction-work-plan (CWP) amendment approval from Rural Utilities Service (RUS) to proceed with the Lake City warehouse remodel. Roger explained the bidding process to include direct request for proposals (RFPs) to six contractors having expressed interest and also its public availability on the GCEA website.

### **Broadband Presentation**

Chris Kennedy, Regional Broadband Project Director for Montrose-based Region 10 reported on efforts to improve broadband access in the six counties encompassed by Region 10, which includes Gunnison and Hinsdale. GCEA System Administrator Christopher Schodorf and Staff Engineer Bruce Stephens were also present for Mr. Kennedy’s report.

Per Mr. Kennedy, the goal is to create abundant, affordable and redundant broadband service. Barriers noted include: cost prohibitive backhaul or internet access charges; remoteness of rural areas; mileage based charges for leased facilities; middle mile connectivity expense; and demand aggregation. However, once fiber is within a community, it can be extended.

Engineering plans have begun for Phase 2 which include construction in Gunnison, Crested Butte, and Mt. Crested Butte. Phase 2 includes establishment of carrier neutral locations (CNLs); development of fiber within communities to anchor institutions; and fiber to GCEA headquarters.

Questions were addressed throughout Mr. Kennedy’s presentation; extensive discussion followed.

*Messrs. Kennedy, Schodorf and Stephens were excused at 1:45 p.m.*

Broadband discussion continued.

### **Affiliated Organizations and Committee Reports**

David Doderio provided a brief **Attorney** report; he reported advising regarding the following issues: NPS marina project and related contract language, energy management circuit breaker project, and Financial Goals Policy. He also reported working on revisions to the Bylaws.

Mike McBride reported on **Tri-State** (TS) activities. Both Mike McBride and Chris Morgan attended the TS annual meeting. Presentations included the potential affiliation with a Regional Transmission Organization

(RTO) and whether the new federal administration will have any long-term effects on the industry. From the regular TS Board meeting, a decline in energy sales was noted.

Also noted was the April 18, 2017 completion of a TS survey for which five of seven directors, excluding TS director Chris Morgan and unavailable director Bart Laemmel, had participated. Discussion followed.

Mike McBride reported on **CREA** activities and various legislative matters. He spoke to failed deregulation attempts in a neighboring state. Discussion followed. Kurt Johnson had advised the CREA group regarding the Clean Power Plan (CPP). The new CREA Director of Safety and Loss Control Dale Kishbaugh was announced. Legislation currently monitored by CREA includes the state involvement with RTOs, a bill allowing investor-owned utilities (IOUs) to own EV stations, and promotion of battery storage.

Paul Hudgeons advised of no new **Paradigm** business, though Mr. Dodero clarified the previously reported extension for a local business' SBA loan.

### **Scheduling of Meetings and Events**

1. Tuesday **May 9, 2017** Policy Committee Meeting (Convenes at 9:00 a.m.)
2. Tuesday, **May 30, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
3. Tuesday, **June 27, 2017** Regular Board and Annual Membership Meetings
4. *To be determined*, **July 2017** Technology Committee Meeting (Convenes at 9:00 a.m.)
5. Tuesday, **July 25, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
6. Tuesday, **August 29, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)
7. Tuesday, **September 26, 2017** Regular Board Meeting (Convenes at 9:00 a.m.)

### **Adjournment**

**Motion** by Director Bart Laemmel to adjourn the Gunnison County Electric Association Regular Board Meeting held on April 25, 2017 carried unanimously. There being no further business before the Board, President Greg Wiggins adjourned the meeting at 2:35 p.m.

Respectfully submitted by Executive Assistant Sherry Booth.

Greg Wiggins  
President

John P. Vader  
Secretary/Treasurer

Date Approved: May 30, 2017